

**TRANSMITTAL AND NOTICE OF APPROVAL  
OF STATE PLAN MATERIAL  
FOR: HEALTH CARE FINANCING ADMINISTRATION**

1. TRANSMITTAL NUMBER

01-16

2. STATE:

**ILLINOIS**

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL  
SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE:

July 1, 2001

5. TYPE OF PLAN MATERIAL (Check One)

☐ NEW STATE PLAN

☒ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☐  
AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

7. FEDERAL BUDGET IMPACT

a. FFY '01 \$ 250,000

b. FFY '02 \$ 1,000,000

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-A, pages 137,138,139,140,141

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (If Applicable):

Attachment 4.19-A, pages 137,138,139,140,141

10. SUBJECT OF AMENDMENT:

**Inpatient Hospital**

11. GOVERNOR'S REVIEW (Check One)

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED:

Not submitted for review by prior  
approval.

12. SIGNATURE OF AGENCY OFFICIAL:

13. TYPED NAME: **Jackie Garner**

14. TITLE: **DIRECTOR**

15. DATE SUBMITTED

16. RETURN TO:

**ILLINOIS DEPARTMENT OF PUBLIC AID  
201 SOUTH GRAND AVENUE, EAST  
SPRINGFIELD, IL. 62763-0001  
ATTENTION: John Rupcich**

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED: **7/11/01**

18. DATE APPROVED: **7/4/01**

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: **7/1/01**

20. SIGNATURE OF REGIONAL OFFICIAL: 

21. TYPED NAME: **Cheryl A. Harris**

**Associate Regional Administrator**  
22. TITLE: **Division of Medicaid and Children's Health**

23. REMARKS:

**DMCH - IL/IN/OH**

Attachment 4.19-A  
Page 137

## STATE OF ILLINOIS

METHODS AND STANDARDS FOR ESTABLISHING INPATIENT RATES FOR HOSPITAL REIMBURSEMENT:  
MEDICAL ASSISTANCE-GRANT (MAG) AND MEDICAL ASSISTANCE-NO GRANT (MANG)

## 07/96 XVIII. Excellence in Academic Medicine Payments

- A. The Department shall make payments ~~for to~~ certain hospitals providing graduate medical education for Medicaid inpatient admissions occurring on or after July 1, 1996, ~~subject to the availability of funds from the accounts within the Medical Research and Development Fund, including any federal financial participation reimbursed for payments under Section A of as specified in this chapter.~~ Payments shall be made to hospitals under the following criteria:
1. Each Qualified Chicago Metropolitan Statistical Area Academic Medical Center Hospital shall receive a percentage of the amount available from the National Institutes of Health Account, equal to that hospital's percentage of the total contracts and grants from the National Institutes of Health awarded to Qualified Chicago Metropolitan Statistical Area Academic Medical Center Hospitals and their affiliated medical schools during the preceding calendar year as reported to the Department.
  2. Each Qualified Chicago Metropolitan Statistical Area Academic Medical Center Hospital shall receive payment from the Philanthropic Medical Research Account equal to 25% of all funded grants (other than grants funded by the State of Illinois or the National Institutes of Health) for biomedical research, technology, or programmatic development received by the Qualified Chicago Metropolitan Statistical Area Academic Medical Center Hospital during the preceding calendar year as reported to the Department.
  3. Each Qualified Chicago Metropolitan Statistical Area Academic Medical Center Hospital shall receive payment from the Market Medical Research Account equal to 20% of the funding for the project, if, based upon submission of information to the Department, the hospital:
    - a. contributes 40% of the funding, that is at least \$100,000, for a biomedical research or technology project or a programmatic development project, and
    - b. obtains contributions from the private sector equal to 40% of the funding for the project.
- B. No hospital receiving payments from the Medical Research and Development Fund shall receive more than 20% of the total amount appropriated to the Fund, except that total payments from the fund to the primary teaching hospitals affiliated with the Southern Illinois University School of Medicine in Springfield, considered as a single entity, may not exceed the product of:

TN # 01-16

APPROVAL DATE

EFFECTIVE DATE

7-01-01

SUPERCEDES

TN # 96-13

Attachment 4.19-A  
Page 138

## STATE OF ILLINOIS

METHODS AND STANDARDS FOR ESTABLISHING INPATIENT RATES FOR HOSPITAL REIMBURSEMENT:  
MEDICAL ASSISTANCE-GRANT (MAG) AND MEDICAL ASSISTANCE-NO GRANT (MANG)

1. one-sixth of the total amount available for distribution from the Medical Research and Development Fund, and
  2. the quotient of total National Institutes of Health grants or contracts awarded to the Southern Illinois University School of Medicine in Springfield and its affiliated primary teaching hospitals in the previous calendar year divided by \$8,000,000.
- C. The Southern Illinois University School of Medicine in Springfield and its affiliated primary teaching hospitals located in Springfield, considered as a single entity, shall be deemed to be a Qualified Chicago Metropolitan Statistical Area Academic Medical Center Hospital and for the purposes of calculating payments under Sections A and B. Payments under Sections A and B made to the Southern Illinois University School of Medicine in Springfield and its affiliated primary teaching hospitals located in Springfield, shall be made to, and divided equally between, the primary teaching hospitals in Springfield.
- D. ~~Subject to the availability of funds from the Post-Tertiary Clinical Services Fund, including any federal financial participation reimbursed for payments under this Section 8 of this chapter, Payments shall be made to Qualified Academic Medical Center Hospitals for up to three Qualified Programs in any given year as reported to the Department. Qualified Academic Medical Center Hospitals may receive continued funding for previously funded qualified programs rather than receive funding for a new program so long as the number of qualified programs receiving funding does not exceed three. Each hospital receiving payments under this Section shall receive an equal percentage of the Post-Tertiary Clinical Services Fund to be used in the funding of Qualified Programs.~~
- E. Independent Academic Medical Center Hospitals receiving payments under this Section shall receive an equal percentage of the Independent Academic Medical Center Fund. If a hospital is eligible for funds from the Independent Academic Medical Center Fund, that hospital shall not receive funds from the Medical Research and Development Fund or the Post-Tertiary Clinical Services Fund. If a hospital receives funds from the Medical Research and Development Fund or the Post-Tertiary Clinical Services Fund, that hospital is ineligible to receive funds from the Independent Academic Medical Center Fund.

TN # 01-16

APPROVAL DATE

EFFECTIVE DATE 7-01-01

SUPERCEDES  
TN # 96-13

STATE OF ILLINOIS

METHODS AND STANDARDS FOR ESTABLISHING INPATIENT RATES FOR HOSPITAL REIMBURSEMENT:  
MEDICAL ASSISTANCE-GRANT (MAG) AND MEDICAL ASSISTANCE-NO GRANT (MANG)

~~FF.~~ Payments from ~~both~~ funds under this Chapter are made to cover the direct costs associated with providing Medicaid services and shall be made directly to the Qualified Academic Medical Center Hospitals or Independent Academic Medical Center Hospitals due the funds, except any funds due to any primary teaching hospital for the University of Illinois School of Medicine at Rockford and the University of Illinois School of Medicine at Peoria shall be paid to the University of Illinois ~~Hospital at Chicago Medical Center~~, which shall be bound to expend the funds on its affiliated hospitals due the funds. Payment rates from each fund described in this Chapter shall equal the product of:

1. the total Medicaid general care admissions occurring at a qualifying hospital during the quarter for which a payment is made, multiplied by the product of;
2. the percentage of grant dollars countable under this Chapter, and the quotient of;
  - a. funding available within an account or fund as described in this Chapter, divided by,
  - b. total Medicaid general care admissions occurring at a qualifying hospital during the quarter for which a payment is made.

~~FG.~~ No Academic Medical Center Hospital shall be eligible for payments from the Medical Research and Development Fund unless the Academic Medical Center Hospital, in connection with its affiliated medical school, received at least \$8,000,000 in the preceding calendar year in grants or contracts from the National Institutes of Health, except that this restriction does not apply to the entity specified in Section C above.

~~GH.~~ The rate period for payments under this Chapter shall be made for the 12 month period beginning July 1, 1996, for Qualified Academic Medical Center Hospitals, and July 1, 2001 for Independent Academic Medical Center Hospitals. A qualifying hospital's total annual payments from each fund and account described in this Chapter shall be divided into four equal payments and be made by the later of;

1. the fifteenth working day after July 1, October 1, January 1, and ~~April~~ March 1, or
2. the fifteenth working day after the Department's receipt of reporting information required under Section ~~F~~ J below.

~~HI.~~ Payments made under this Chapter are for inpatient Medicaid services provided in the 12 month period preceeding the rate period.

TN # 01-16

APPROVAL DATE

EFFECTIVE DATE 7-01-01

SUPERCEDES

TN # 96-13

STATE OF ILLINOIS

METHODS AND STANDARDS FOR ESTABLISHING INPATIENT RATES FOR HOSPITAL REIMBURSEMENT:  
MEDICAL ASSISTANCE-GRANT (MAG) AND MEDICAL ASSISTANCE-NO GRANT (MANG)

†J. Qualified Academic Medical Center Hospitals initially identified by the Department as qualifying under any payment criteria of this Chapter must complete and return a survey, developed by the Department, attesting to information required to calculate payments under this Chapter. Failure to complete and submit required information by dates established by the Department will result in forfeiture of payments under this Chapter.

†K. Definitions

As used in this Chapter, unless the context requires otherwise:

1. "Academic Medical Center Hospital" means a hospital located in Illinois which is either under common ownership with the college of medicine of a college or University, or a free-standing hospital in which the majority of the clinical chiefs of service are department chairmen in an affiliated medical school.
2. "Academic Medical Center Children's Hospital" means a children's hospital which is separately incorporated and non-integrated into the Academic Medical Center Hospital, but which is the pediatric partner for an Academic Medical Center Hospital and serves as the primary teaching hospital for pediatrics for its affiliated medical school. Children's hospitals which are separately incorporated, but integrated into the Academic Medical Center Hospital are considered part of the Academic Medical Center Hospital.
3. "Chicago Metropolitan Statistical Area Academic Medical Center Hospital" means an Academic Medical Center Hospital located in the Chicago Metropolitan Statistical Area.
4. Non-Chicago Metropolitan Statistical Area Academic Medical Center Hospital means an Academic Medical Center Hospital located outside the Chicago Metropolitan Statistical Area.
5. "Qualified Chicago Metropolitan Statistical Area Academic Medical Center Hospital" means any Chicago Metropolitan Statistical Area Academic Medical Center Hospital that either directly or in connection with its affiliated medical school receives in excess of \$8,000,000 in grants or contracts from the National Institutes of Health during the calendar year preceding the beginning of the State fiscal year; except that for the purposes of Section C of this chapter.
6. "Qualified Non-Chicago Metropolitan Statistical Area Academic Medical Center Hospital" means the primary teaching hospital of the University of Illinois School of Medicine at Peoria and the primary teaching hospital for the University of Illinois School of Medicine at Rockford and the primary teaching hospitals for Southern Illinois University School of Medicine in Springfield.
7. "Qualified Academic Medical Center Hospital" means a Qualified Chicago Metropolitan Statistical Area Academic Medical Center hospital, a Qualified Non-Chicago Metropolitan Statistical Area Academic Medical Center Hospital, or an Academic Medical Center Children's Hospital.

STATE OF ILLINOIS

METHODS AND STANDARDS FOR ESTABLISHING INPATIENT RATES FOR HOSPITAL REIMBURSEMENT:  
MEDICAL ASSISTANCE-GRANT (MAG) AND MEDICAL ASSISTANCE-NO GRANT (MANG)

8. "Independent Academic Medical Center Hospital" means the primary teaching hospital for the University of Illinois School of Medicine at Urbana.

9. "Qualified Programs" include;

- a. Thoracic Transplantation: heart and lung, in particular,
- b. Cancer: particularly biologic modifiers of tumor response, and mechanisms of drug resistance in cancer therapy,
- c. Shock/Burn: development of biological alternatives to skin for grafting in burn injury, and research in mechanisms of shock and tissue injury in severe injury,
- d. Abdominal transplantation: kidney, liver, pancreas, and development of islet cell and small bowel transplantation technologies,
- e. Minimally invasive surgery: particularly laparoscopic surgery,
- f. High performance medical computing: telemedicine and teleradiology,
- g. Transmyocardial laser revascularization: a laser creates holes in heart muscles to allow new blood flow,
- h. Pet scanning: viewing how organs function (CT and MRI only allow viewing of the structure of an organ).,
- i. Strokes in the African-American community: particular risk factors for cerebral vascular accident (strokes) in the African-American community at much higher risk than the general population,
- j. Neurosurgery: particularly focusing on interventional neuroradiology,
- k. Comprehensive eye center: including further development in pediatric eye trauma,
- l. Cancers: particularly melanoma, head and neck,
- m. Pediatric cancer,
- n. Invasive pediatric cardiology,
- o. Pediatric organ transplantation: transplantation of solid organs, marrow, and other stem cells.
- p. Such other programs as may be identified by the Department and the Qualified Academic Medical Center Hospital, and approved by the Department, for those programs that meet appropriate biomedical research, technology, or programmatic development standards.

TN # 01-16  
SUPERCEDES  
TN # 96-13

APPROVAL DATE

EFFECTIVE DATE 7-01-01